

CHAPTER I

EXECUTIVE SUMMARY

U.S. RESPONSIBILITY SHARING POLICY

A *National Security Strategy for a New Century* (October 1998) identifies a diverse set of threats to U.S. security, including regional or state-centered threats (such as regional aggressors); transnational threats (involving terrorism, international crime, drug trafficking, illicit arms trafficking, uncontrolled refugee migrations, and environmental damage); the spread of dangerous technologies (including weapons of mass destruction and the proliferation of non-safeguarded dual-use technologies); foreign intelligence collection; and failed states.

To meet these challenges, the Administration's national security strategy stresses the need for integrated approaches, specifically to *shape* the international environment in ways favorable to U.S. interests and global security, to maintain the ability to *respond* across the full spectrum of potential threats and crises, up to and including major theater war, and to *prepare* now to meet an uncertain future. A central aim of the Administration's strategy is to strengthen and adapt our security relationships – including sharing collective security responsibilities with allies and other friendly nations.

We require integrated regional approaches to promote U.S. security objectives tailored to different areas of the globe. This calls for a broad range of security arrangements. Our alliances, particularly our security commitments in NATO, our bilateral relationships with Japan and the Republic of Korea, and our growing partnership with the nations of the Gulf Cooperation Council (GCC), are essential to the projection of American power and influence into areas where vital U.S. interests are at stake. These relationships reflect fundamental shared interests and embody close cooperation in both political and military affairs. They enhance our ability to achieve our international security objectives and protect vital economic interests. Our regional security arrangements enable the United States and our allies to provide the security and stability essential to democracy-building, economic progress, and the orderly resolution of international differences.

The cornerstone of effective alliance relationships is the fair and equitable sharing of mutual security responsibilities, and the proper balancing of costs and benefits. This, in turn, is the basis of U.S. responsibility sharing policy. The Administration is pleased that Congress accepts this policy and recognizes the breadth and depth of U.S.-allied relationships. This broader understanding, reflected in the FY 1999 Defense Authorization Act, acknowledges that each country's contribution is a mix of political, military, and economic elements, and that influencing and increasing allied efforts is a long-term endeavor heavily influenced by specific historical and geographical circumstances (including economic realities). The manner in which allies contribute to shared security objectives is also defined by the very different multilateral (NATO) and bilateral (East Asia-Pacific and Southwest Asia) frameworks within which those contributions are made.

SUMMARY ASSESSMENT

This section includes an assessment of country contributions under the terms specified in the FY 1999 Defense Authorization Act, as well as a more comprehensive evaluation consistent with previous reports.

Assessment Stipulated in the FY 1999 Defense Authorization Act

Following the framework adopted in FY 1997 and 1998, the FY 1999 Defense Authorization Act urges U.S. allies to increase their efforts in one or more of the following areas:

- Defense spending as a percentage of gross domestic product (GDP);
- Contributions or pledges to multinational military activities;
- Cost sharing for stationed U.S. forces; and
- Foreign assistance.

Chart I-1 presents an overview assessment of contributions made in each of these categories by our NATO and Pacific allies and our security partners in the Gulf. The assessment is based on the most recent, complete, and reliable data available: through 1998 for defense spending, through 1997-98 for multinational military activities, and through 1997 for cost sharing and foreign assistance. The chart shows that all of the countries addressed in this Report, with the exception of France, Norway, and the United Kingdom, meet at least one of the Congressional responsibility sharing targets listed above, and nearly half the countries meet two or more of them. With regard to those nations not meeting the Congressional criteria, it must be emphasized that these three countries make substantial contributions on a variety of important responsibility sharing indicators. For example, as shown on Chart III-6, the United Kingdom provides what is, by far, the largest single contribution to the ARRC of any NATO nation (including the United States), even though it does not satisfy the Congressional criterion of increasing their military assets contributed or pledged to multinational military activities. National strengths are clearly evident, as are those areas of concern – such as continued pressure on defense budgets – where more clearly needs to be done.

- NATO Allies. Fewer than half of our NATO allies experienced real reductions in their defense budgets in 1998, and real defense spending stayed virtually level with 1997 for our allies as a group. The Europeans now offset nearly a third of U.S. stationing costs (a slight increase from 1996), but this support remains focused on indirect contributions. The U.S. cost share of NATO common-funded budgets will be reduced by roughly one percentage point due to the contributions of the three new members, and increased participation by France and Spain. All of the NATO allies except Turkey provided a greater share of GDP to foreign assistance in 1997 than did the United States, but Denmark is the only NATO nation that met the strict requirement set by Congress of 1 percent of GDP. Most NATO nations also contribute substantially to and participate extensively in shared military roles, missions, and combined operations within and beyond NATO. For example, nearly 80-percent of troops contributed to the Stabilization Force (SFOR) in Bosnia are non-U.S. Our NATO allies, and in particular France, have taken the lead in providing a 1,500-strong European-only Extraction Force (XFOR) in response to the Kosovo situation.

- Pacific Allies. Japan maintains an enviable record of providing host nation support and foreign assistance, although its level of defense spending as a share of GDP remains at just 1 percent due to political constraints. The Republic of Korea also provides host nation support and maintains a substantial investment in defense (over 3 percent of GDP), but in light of the modest standard of living, makes only limited contributions to foreign assistance.
- Gulf Cooperation Council (GCC). Each of the GCC nations has a per capita GDP below the average of all countries addressed in this Report, yet spends an above-average share of GDP on defense, with the shares of Saudi Arabia, Kuwait, Oman, and Qatar in the 10 to 13 percent range. Kuwait's foreign assistance relative to GDP continues to lead all nations in this Report.

Chart I-1 Countries Achieving Congressional Targets*

	Defense Spending as % GDP (1998)	Multinational Military Activities (1997-98)	Cost Sharing (1997)	Foreign Assistance (1997)
NATO Allies				
Belgium		✓		
Canada		✓		✓
Denmark		✓		✓
France				
Germany		✓		
Greece	✓	✓		
Italy		✓		
Luxembourg		✓		✓
Netherlands		✓		
Norway				
Portugal		✓		✓
Spain		✓		
Turkey	✓	✓		
United Kingdom				
Pacific Allies				
Japan		✓	✓	
Republic of Korea	✓	✓		✓
Gulf Cooperation Council				
Bahrain	✓			
Kuwait	✓			✓
Oman	✓			
Qatar	✓	✓		
Saudi Arabia	✓		✓	
UAE	✓			

*Congressional targets are as follows:

1. Increase defense spending share of GDP by 10% over the previous year, or to a level commensurate with the U.S.
2. Increase military assets contributed or pledged to multinational military activities.
3. Increase offsets for U.S. stationing costs to a level of 75% by September 30, 2000.
4. Increase foreign assistance by 10% over the previous year, or to a level equal to at least 1% of GDP.

Comprehensive Assessment of Contributions

The targets embodied in the FY 1999 Defense Authorization Act are a sound basis upon which to assess country efforts, although the Department believes that a thorough evaluation requires a somewhat expanded approach. Because nations' efforts are subject to short-term volatility, and due to large differences in the economies, demographics, and standard of living among the nations included in this Report, *year-to-year* comparisons of *absolute levels of effort* can be highly misleading. Thus, the Department has long maintained that – in contrast to the short-term, “pass/fail” perspective of the Congressional targets – assessments should acknowledge *trends* in country contributions, and be based on a country's *ability to contribute*.

Moreover, in addition to the four categories identified in the Authorization Act, previous assessments by the Department have also addressed military personnel and standing forces as key measures of a country's contribution to shared security objectives. Finally, although an assessment of U.S. efforts is not specified in the Authorization Act, the Department believes such an assessment should be included in this Report for completeness and balance.

This approach yields a more comprehensive assessment than the approach mandated in the FY 1999 Defense Authorization Act. That is, when countries' efforts are analyzed with respect to their ability to contribute, each nation in the Report makes substantial contributions in at least one (and the vast majority in at least two) of the four Congressional categories.

As summarized in Chart I-2, however, several key differences emerge relative to the results in Chart I-1.

- First, regarding the three countries that fail to satisfy any of the Congressional criteria: using the more comprehensive approach that bases assessments on ability to contribute, France, Norway, and the United Kingdom make significant contributions in the area of multinational military activities (especially in reaction force commitments, as well as in support of UN operations), as well as in foreign assistance. France also makes substantial contributions in active duty military personnel relative to labor force share, while Norway (in ground combat capability) and the United Kingdom (in naval tonnage) make substantial force contributions relative to their GDP shares.
- Concerning multinational military activities, although Bahrain and Kuwait fail to satisfy the Congressional target, each is credited for noteworthy contributions in Chart I-2. This is because their share of total reaction forces (Peninsula Shield) substantially exceeds their share of total GDP. Conversely, although Japan and the Republic of Korea register increases in this measure (due to their support of UN operations) and therefore satisfy the Congressional target, their share of UN support relative to their ability to contribute is extremely low in virtually every dimension used to assess this category.
- Saudi Arabia and Japan are the only nations that meet the Congressional target for cost sharing, yet relative to ability to contribute, Oman's bilateral cost sharing contributions to the United States lead all countries in this Report. In addition to these three countries, the Republic of Korea, Kuwait, Luxembourg, Italy, Japan, and

Chart I-2 Countries Making Substantial Contributions Based on Ability to Contribute*

	Defense Spending (1998)	Multinational Military Activities (1997-98)	Cost Sharing (1997)	Foreign Assistance (1997)
United States	✓		NA	
NATO Allies				
Belgium		✓		✓
Canada		✓		✓
Denmark		✓		✓
France		✓		✓
Germany		✓		✓
Greece	✓	✓		
Italy		✓	✓	
Luxembourg			✓	✓
Netherlands		✓		✓
Norway		✓		✓
Portugal		✓		✓
Spain		✓		
Turkey	✓	✓		
United Kingdom		✓		✓
Pacific Allies				
Japan			✓	
Republic of Korea	✓		✓	
Gulf Cooperation Council				
Bahrain	✓	✓	✓	
Kuwait	✓	✓	✓	✓
Oman	✓		✓	
Qatar	✓	✓		
Saudi Arabia	✓		✓	
UAE	✓			

* Assessments are based on comparing a nation's share of total contribution of all nations addressed in this Report with its share of total ability to contribute (either GDP or labor force). A country's efforts are assessed to be "substantial" when its contribution share exceeds by at least 20 percent its GDP or labor force share.

For example, U.S. defense spending is assessed as follows: U.S. share of total defense spending is 52 percent (contribution); U.S. share of total GDP is 39 percent (ability to contribute). U.S. defense spending is rated 'substantial' because its contribution exceeds ability to contribute by 31 percent (52 divided by 39).

Chart I-2 (Cont.) Countries Making Substantial Contributions Based on Ability to Contribute*

	Active-Duty Military Personnel (1998)	Ground Combat Capability (1998)	Naval Tonnage (1998)	Tactical Combat Aircraft (1998)
United States			✓	
NATO Allies				
Belgium				✓
Canada				
Denmark		✓		
France	✓			
Germany				
Greece	✓	✓	✓	✓
Italy	✓			
Luxembourg				
Netherlands				
Norway		✓		
Portugal	✓		✓	✓
Spain				
Turkey	✓	✓	✓	✓
United Kingdom			✓	
Pacific Allies				
Japan				
Republic of Korea	✓	✓	✓	✓
Gulf Cooperation Council				
Bahrain	✓	✓	✓	✓
Kuwait	✓	✓		✓
Oman	✓	✓	✓	✓
Qatar	✓	✓		✓
Saudi Arabia	✓	✓		✓
UAE	✓	✓		✓

* See note on previous page

- Bahrain also contribute shares of host nation support significantly above their respective share of GDP.
- Only six nations in this Report meet the Congressional target for foreign assistance, aided in some instances by unavoidable anomalies in year-to-year reporting. When efforts are assessed based on ability to contribute, however, aid provided by one of these countries, the Republic of Korea, is well below average. All other countries that meet the Congressional target in Chart I-1 – Canada, Denmark, Luxembourg, Portugal, and Kuwait – also are assessed as making substantial contributions in Chart I-2, along with Belgium, France, Germany, the Netherlands, Norway, and the United Kingdom.

Finally, the Department's more comprehensive approach assesses nations' performance in the additional areas of military personnel and standing forces (ground, naval, and air). Although not addressed by the FY 1999 Defense Authorization Act, these categories are important to the shared security objectives of deterrence and self-defense, and have been evaluated by the Department in previous reports. Chart I-2 shows that most nations make substantial contributions in relation to their ability to contribute in at least one of these categories. Most notably, Greece, Turkey, the Republic of Korea, Bahrain, and Oman register substantial contributions in all four areas, while Portugal, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates achieve this distinction in three categories. In contrast, six nations (Canada, Germany, Luxembourg, the Netherlands, Spain, and Japan) fail to contribute substantially more than their relative share of GDP or labor force in any of these areas.

CONCLUSION

As stated in previous reports on this topic, the Department believes country efforts present a mixed but generally positive picture in terms of shouldering responsibility for shared security objectives.

The United States continues to maintain a close and systematic dialogue with allied governments at all levels concerning responsibility sharing strengths and weaknesses, and this in turn has contributed to an increased awareness of our concerns in allied capitals. We will persist in engaging allies in this manner, focusing on the need for increased attention to defense budgets and host nation support, and further strengthening of foreign assistance and participation in both bilateral and multilateral efforts to enhance our collective security. This is an evolutionary effort, and we will continue to press for progress across the board.

Finally, the Department continues to urge – in the interests of achieving a balanced assessment of nations' efforts – that short-term pass/fail objectives be supplemented with a review of longer-term trends based on countries' ability to contribute.